

I Want to Relocate to *Switzerland*

What Do I Need to Know?



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In addition to its location in the centre of Europe, Switzerland has lifestyle advantages for people of all ages including a top-rated health and education system, security, comfort of living and a dynamic business environment. Switzerland is also an attractive home for those looking for efficient tax planning options.

Different options to obtain a residence permit are available, with distinctions to be made between those who carry out an economic activity in Switzerland (often referred to as a gainful activity) and those who do not, and between EU and non-EU citizens.

Obtaining a Residence Permit

No Gainful Activity

For foreigners who are economically inactive in Switzerland (e.g. retirees), there are several permit options, which differ for EU and non-EU citizens. Regarding the latter, there are permits for pensioners (over the age of 55 with ties to Switzerland) and permits based on financial criteria. Wealth owners who only manage or administer their own private wealth will not be considered as carrying out an economic activity. Also, some cantons permit, to a limited extent, holders who carry out an economic activity abroad.

Gainful Activity in Switzerland

For non-Swiss nationals who do intend to work in Switzerland, there are also various options that differ according to the permit applicant's nationality.

For non-EU citizens, three options are available: i) permits for Specialised Employees of a Company in Switzerland, ii) permit in relation to the set-up of a Company in Switzerland, and iii) permit in relation to Investment in an Existing Company with Financial Difficulties. Permits granted under each option mentioned above are subject to annual quotas.

EU citizens can obtain a residence permit without any particular restrictions in two instances: i) as employees, if they have been offered an employment contract with a company based in Switzerland, or ii) as independent workers, subject to the approval of the business plan by the competent authorities and proof of sufficient financial means.

Taxation in Switzerland

Switzerland offers two different tax regimes:

Ordinary tax regime

Individuals are taxed on their worldwide income and wealth, excluding real estate located abroad and its rental value (whose values are nevertheless taken into consideration to set the Swiss income and wealth tax rates). Tax rates are progressive and vary significantly depending on the canton and municipality of residence. Private capital gains on movable assets are tax-exempt in Switzerland.

Lump-sum tax regime

Most cantons in Switzerland offer the option for non-Swiss nationals who come to live in Switzerland for the first time or after an absence of ten years and who will not be gainfully active in Switzerland to pay taxes under the lump-sum taxation regime, opening up interesting planning possibilities for wealth owners. Working outside Switzerland is possible in some of the cantons, but under restrictive conditions. Activities resulting from the management of personal wealth are not considered as gainful activity.

Instead of paying taxes on actual income and assets, the basis of taxation is calculated according to living expenses. The concrete terms of any lump-sum arrangement are subject to negotiations with the relevant cantonal tax authority. The application for a tax ruling must be filed before submitting the first tax return as the possibility for a lump-sum agreement may be forfeited after an ordinary tax return has been filed. Pre-immigration tax planning is thus essential.

Wealth and Estate Planning

Individuals contemplating a move to Switzerland should also consider whether wealth planning is needed, especially where international assets and cross border estates are involved. This should be done for many reasons, including Switzerland's forced heirship rules (which determine the allocation of an individual's estate to their statutory heirs). Advice on existing wealth holding structures (such as trust structures) should also be obtained prior to taking up residence in Switzerland, as part of a pre-immigration planning exercise, in order to ensure that any structures remain effective from both a tax and legal perspective. It is possible to obtain tax rulings on the tax treatment of certain trust structures.

“Charles Russell Speechlys has always responded in a timely manner and is very well placed to provide advice on complex and sophisticated matters.”

Chambers High Net Worth 2023, Private Wealth Law

Acquisition of Real Estate in Switzerland

Non-Swiss nationals are prohibited from owning residential property in Switzerland.

Conversely, non-Swiss nationals who have authority to reside in Switzerland (even if they do not hold a permanent residence permit referred to as a “C permit”) are able to purchase real estate subject to certain restrictions. Such individuals are authorised to purchase a dwelling (single-family house or apartment) or land to build on, provided construction work on the land commences within one year from the purchase.

Importantly, the purchaser must occupy the dwelling themselves and cannot rent it out/sub-let the property. In addition, the purchase of a main residence may require a special authorisation if the purchaser makes the purchase via a company or other structure, rather than in own name.

Health and Social Insurance

New Swiss residents must take out insurance for themselves and for their families with a Swiss health insurance company within three months after arriving or beginning work in Switzerland. This insurance requirement is strictly enforced in Switzerland.

Every Swiss resident who has not reached the age of retirement must be insured and is legally obliged to contribute towards the old-age and survivors' insurance scheme and for the invalidity insurance. If no gainful activity is carried out, contributions are calculated based on net assets. Contributions are capped at CHF 25'700 per person per year or CHF 51'400 for married couples.

How Charles Russell Speechlys can assist

- Pre-immigration tax and succession planning.
- Review of existing wealth planning structures prior to relocation.
- Residence permit process and advising on the practical steps of a relocation to the French or German speaking parts of Switzerland.
- Swiss tax rulings and tax advice relevant to the French or German speaking parts of Switzerland.
- Real estate purchase and structuring.

Key Contacts



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